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FISCAL SURVEY OF THE STATES

February 1985, Update

National Association of State Budget Officers

National Governors' Association

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444 North Capitol
Washington, D.C. 20001

$4.00

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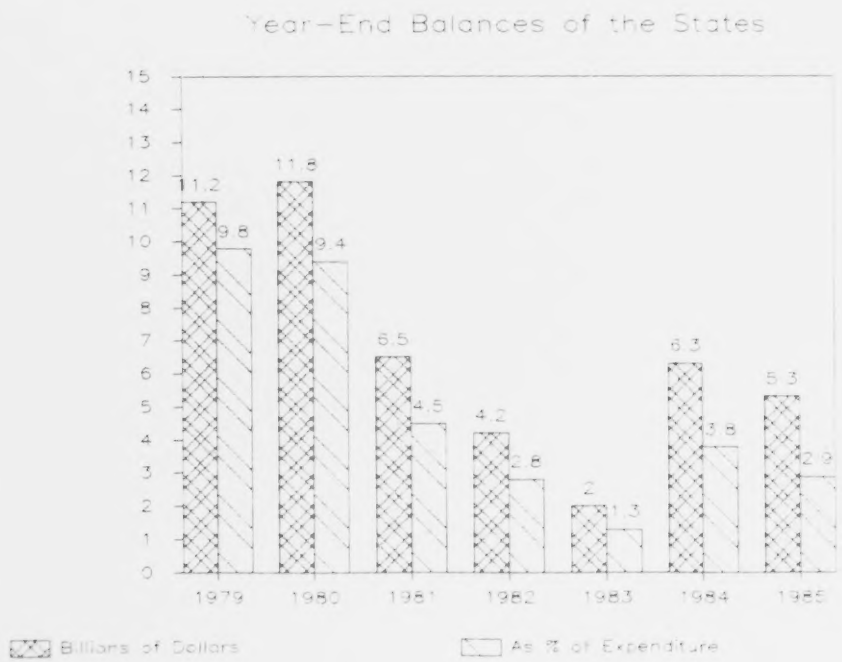
The nation's states ended fiscal year 1984 (FY 1984) with a balance of about $6.3 billion. Estimates for fiscal 1985 place the ending general fund balance at about $5.3 billion. These levels are a welcome turnaround from the historically low year-end balance of $2 billion in fiscal 1983. However, as Figure 1 illustrates, the current improvement still leaves the states with about half of the general fund balances that they held prior to the recent recession. Expectations based on past patterns are that the balance will stabilize as states make adjustments to the improved economy by:

- repealing the emergency tax increases of the the early 1980s;
- restoring funding to programs that were severely cut;
- funding a few carefully selected program initiatives demanded by state voters; and
- allowing their ending balances to grow to more reasonable levels as buffers against economic uncertainties.

FIGURE 1



National totals, however, mask a wide range in the size and trend of balances in individual states. In 1984, more than one-half of the aggregate general fund ending balance was accounted for by eight states, and in FY 1985, five states are expected to make up a similar proportion of the total. The majority of the states still have balances of three percent or less. Twenty-four states were in this range in FY 1984 and the number will increase to twenty-eight in 1985. Only 16 states are expecting general fund balances of greater than 5 percent in FY 1985. Figure 2 shows the geographic distribution of balances in percentages for FY 1985.

Year-End General Fund Balance

The size of unobligated balances as a percent of state general fund expenditures is a significant indicator of the fiscal condition of state governments. In establishing credit ratings for state bonds, financial analysts give close scrutiny to this ratio and other factors indicative of fiscal condition. Traditionally, analysts have accepted a five percent ratio of unobligated balances to expenditures as a reasonable minimum level.

State balances serve a number of other very important purposes such as:

- hedges against economic uncertainty and the resulting margin of error in revenue and expenditure forecasts;
- reserves against the unexpected expenses of natural disasters, court-mandated spending, and liability awards; and
- working funds to meet the cash flow requirements of the state.

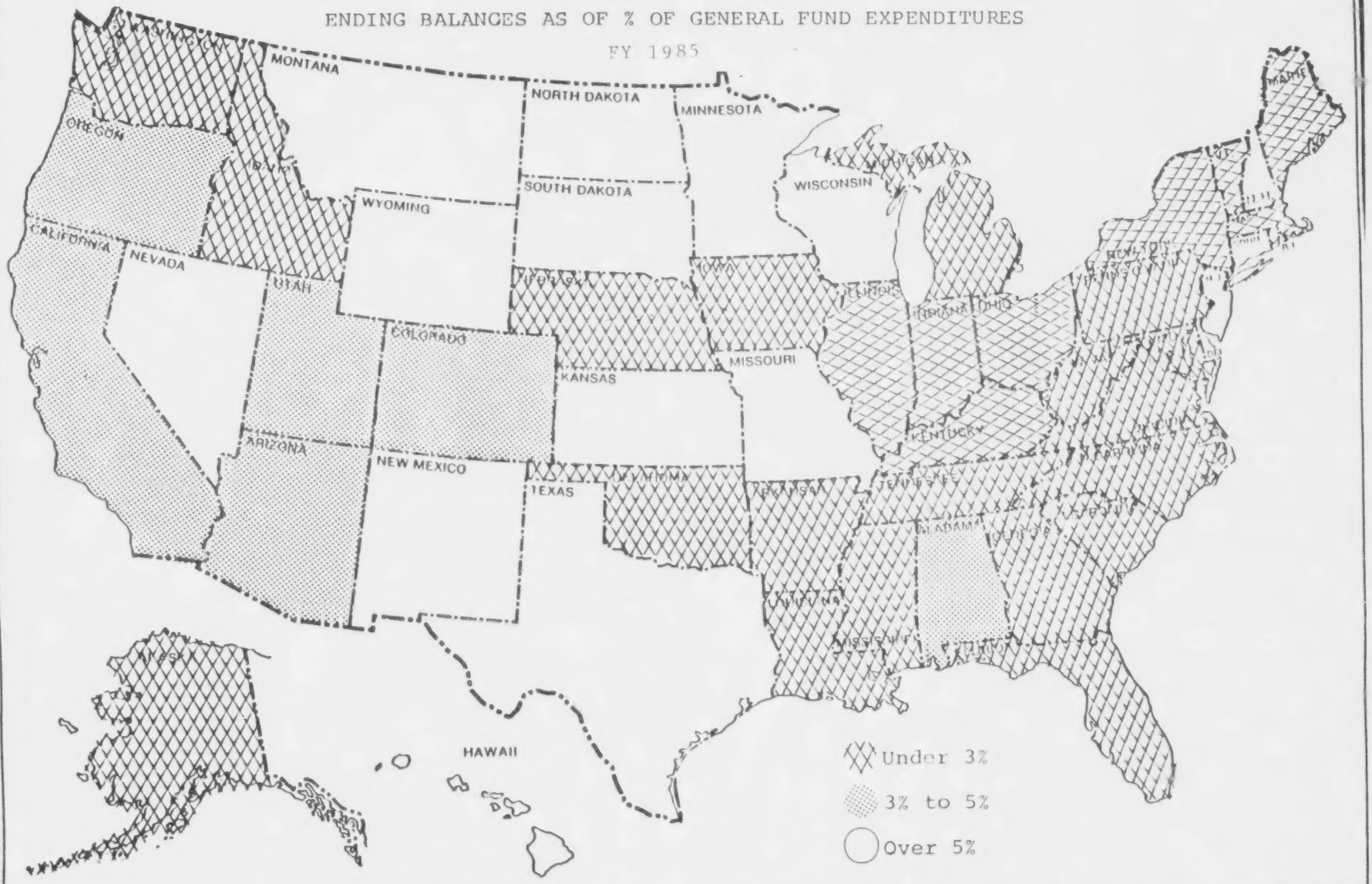
Annual Expenditure Growth

Compared to the prior year, state general fund expenditures grew by 8.0 percent in FY 1984. They are expected to grow by 10.8 percent in fiscal 1985. When adjusted for inflation, the increases are only 2.8 percent and 5.0 percent respectively. When looking at individual states, it is important to note that some states with biennial budgets (e.g.: Minnesota) allocate all capital spending to one year of the cycle. This results in annual expenditure growth figures which vary considerably from year-to-year, while underlying operating budgets are more stable.

FIGURE 2

ENDING BALANCES AS OF % OF GENERAL FUND EXPENDITURES

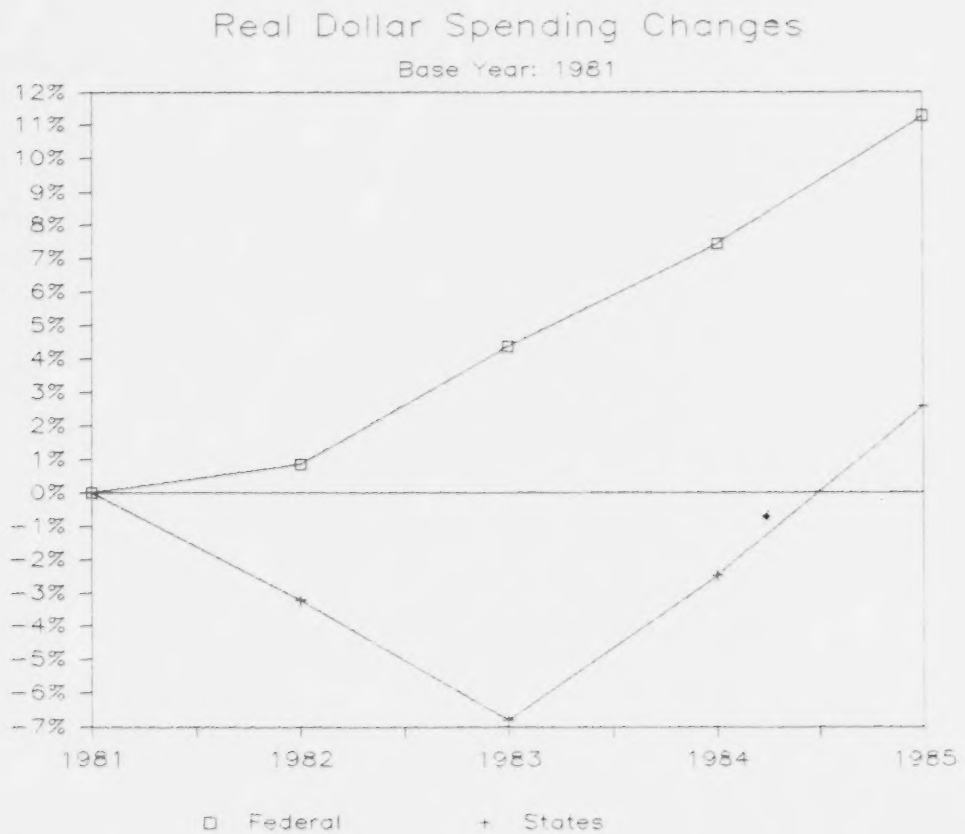
FY 1985



The modest rate of growth in real state spending comes after a deep recession that forced states to substantially cut budgets in FY 1982 and 1983. Much of the forced savings came from deferral of capital expenditures, across-the-board program cuts, reductions in state agency personnel, and elimination of state personnel merit and cost-of-living increases. In FY 1984 and 1985, Governors and Legislators have restored some of these cuts. They have also recognized widespread citizen demand for increased education funding, spurred by the report of the National Commission on Excellence in Education, A Nation at Risk (April 1983).

Figure 3 clearly shows the sharp reductions in real-dollar state spending that occurred in fiscal 1982 and 1983. In FY 1984, real spending increased, but was still about two percent below the base level of FY 1981. It is not until FY 1985 that real state spending will exceed the 1981 level, and then it will only be about two percent above the level of four years ago. For comparison purposes, Figure 3 also shows the steadily rising level of real Federal spending.

FIGURE 3



Revenue Growth and Tax Changes

Annual revenue growth was strong in FY 1984, showing an increase of 13 percent over 1983. This was due to the combination of a stronger than expected economic recovery and the continuation of tax increases necessitated by the recent deep recession. A much smaller increase of 7.5 percent is expected in FY 1985, due to the moderating economy and the reduction of tax rates in a number of states.

Many states adopted temporary tax measures during the recent recession to help supplement falling revenue collections. For example in 1983, eight states passed major personal income tax increases and 3 states passed major sales tax increases, all of which expired in 1984.[1] These temporary tax changes help explain both the high revenue growth in FY 1984 and the sharp decrease in the rate of growth in FY 1985.

During fiscal 1984 there was no clear pattern to state tax changes. Fifteen states raised revenue by increasing tax rates, broadening the tax base, making temporary taxes permanent, or extending a temporary tax increase. Another 15 states opted to decrease taxes by reducing rates, narrowing the tax base, distributing a tax rebate, accelerating scheduled tax decreases, or allowing a scheduled tax decrease to expire.[2] According to the Fall 1984 Fiscal Survey of the National Conference of State Legislatures, these tax actions resulted in raising tax revenue by $2.8 billion in some states and lowering tax revenue by $1.9 billion in other states, for an aggregate net gain of less than one billion dollars.

At the time of publication, 14 states are proposing tax decreases for fiscal 1986, while 16 states may raise taxes. If all of these proposals were to be adopted, the decreases would lower revenues by approximately $1.9 billion, while the tax increases would raise them by $0.8 billion. Thus, the aggregate effect of the current proposals would be to lower revenues by $1.1 billion, or about one-half of one percent, in comparison to simply leaving existing tax and revenue laws in place.

Regional Differences in Fiscal Outlook

Different regions in the country are experiencing different economic and budget pressures and not all states are sharing equally in the recovery. Many energy-producing states, such as Louisiana and Oklahoma, are now experiencing significant declines in severance tax revenue due to falling prices for crude oil. Some mineral industries, such as coal, copper and molybdenum, have not yet rebounded from the recession, causing

localized pockets of high unemployment within producing states. The Northwest is also experiencing a slower recovery because of its reliance on lumber and related industries. Finally, farm states, such as Iowa and Kansas, continue to experience severe economic stress because of depressed farm prices and high interest rates.

The strongest recovery is apparently in the Great Lakes and most Mid-Atlantic states where the manufacturing sector was hard hit by the recession, but is now showing a strong recovery. California's economy is also faring well, based on strong growth in high-tech industries.

In summary, the recession and recovery have had an uneven effect across the country. The industrial states were the first to feel the recession and the first to enjoy the recovery. Energy and mineral-based states were the last to experience the downturn and may be the last to recover.

Rainy Day Funds

Currently, 24 states have budget stabilization or reserve funds, sometimes known as "rainy day" funds. Primarily as a result of experiences of the last recession, at least ten of these states adopted rainy day funds during the last three years. Rainy day funds are designed to set aside revenue while good economic conditions prevail and then draw-down these reserves during poor economic times. Reserve funds can help contribute to a state's countercyclical budget policy by smoothing revenue and expenditure flows during economic cycles. Rather than being forced to immediately cut budgets and raise taxes during recessions, states with such funds can supplement their revenues by transferring reserves to the General Fund. Wall Street bond analysts now take rainy day funds into account when assessing a state's creditworthiness.

In FY 1984, eleven states had $1 billion set-aside in separate reserve funds, which are not included in general fund balances. This was equal to about 3.8 percent of general fund spending in those eleven states, or about 0.6 percent of spending for all states. It is projected that in FY 1985, sixteen states will have accumulated $1.6 billion in their separate reserve funds, equalling 3.8 percent of their own spending and about 0.9 percent of general fund spending for all states.

It is important to note that eight other states have not created separate reserve funds, but instead have mandated that a specified general fund ending balance will be designated and serve as a rainy day fund.

Generally, both separate and "designated" funds serve a different function than do normal general fund ending balances. General fund balances are primarily used as a cushion against minor inaccuracies in revenue and expenditure forecasting, or are used to cover unanticipated expenditures. Rainy day funds are designed to deal with major changes in economic conditions and the uncertain timing of economic cycles.

National Debate on State Surplus Levels

Recently, the press and some federal officials have circulated accounts and estimates of a developing, sizable budget surplus at the state and local level. Some of these overly optimistic views of the condition of the state and local sector arise from misuse of the National Income and Product Accounts (NIPA). Others arise from an unrealistic attempt to project future levels of the NIPA.

National Income and Product Accounts measure gross receipt and expenditure levels for large sectors of the economy, but do not measure their fiscal conditions. Several specific problems exist in the state and local sector NIPA account. First, capital spending is included in outlays while the borrowing that finances a sizable portion of such spending is not included in receipts. Thus a decrease in the proportion of bond supported capital spending compared to that supported from current revenues will result in an apparent improvement in the balances reported by the NIPA. Second, the NIPA do not provide any breakdown among states nor between state and local levels. This masks significant differences that exist within the sector.

Furthermore, the accounts do not reflect important aspects of state and local finance structure. General Operating Fund data is lumped together with thousands of special funds which are limited to supporting narrowly defined programs and are often generated by earmarked revenues. For example, the existence of a surplus in a state fish and game fund has no relevance in a discussion of the state's ability to support broad-based services.

To complicate matters, the one significant breakdown in the state and local sector -- between "social insurance" and "other funds" -- is too often ignored in fiscal discussions. Social insurance funds are composed almost entirely of pension funds that cannot legally be used to support other government programs.

The national income and product accounts are valuable in formulating national macroeconomic fiscal policy, but are inappropriate as a measure of the fiscal health of state and local governments. In fact, the economist responsible for these accounts has consistently cautioned against using them to ascertain the sector's fiscal health.

Background and Methodology

The Fiscal Survey of the States series is published by the National Association of State Budget Officers (NASBO) and the National Governors' Association (NGA). The series was started in 1977, and surveys are conducted and published annually, or when appropriate, semiannually. The Survey presents aggregate and individual data on the states general fund receipts, expenditure, and balances. While not the totality of state spending, these funds are used to finance most broad-based state services, and are the most important element in determining the fiscal health of the states.

The field survey on which this report was based was taken by the National Association of State Budget Officers in late calendar 1984. The questionnaires were completed by state budget officers.

Fiscal 1984 closed for 46 states on June 30,1984. New York's fiscal year ended on March 31, 1984; Texas' on August 31, 1984; Michigan's and Alabama's on September 30, 1984. Thus, fiscal 1984 numbers are actuals, but with adjustments possible as a result of audits. Fiscal 1985 was only partially complete when the survey was taken, so the data represents projections for the entire year. Legislative amendment to FY 1985 budgets also remains possible, and could result in changes to expenditures and thus ending balances.

The structure of the survey presumes budgeting identities as follows:

(1) Beginning Balance + Revenue + Adjustments = Resources

(2) Resources - Expenditures - Transfers = Ending Balance

(3) Ending Balance, Year 1 = Beginning Balance, Year 2

Exceptions to this identity result from rounding and from the practice in a few states of making adjustments between the ending balance in one year and the beginning balance in the next. These exceptions have only a minor impact on the overall results of the survey.

Reporting concepts within this structure vary from state to state, as do definitions of what activities are included in the general fund. Thus, the results of the fiscal survey are not strictly appropriate for comparisons among states. They are more appropriate for comparisons over time in the same state.

NOTES

1. States with temporary personal income tax increases were: Illinois, Michigan, Minnesota, Oregon, Pennsylvania, Wisconsin, Colorado, and South Carolina. States with temporary sales tax increases were: Colorado, Idaho, and Nebraska. Utah, Arizona, and Vermont had temporary increases that were either made permanent or extended past the original 1984 expiration date.

2. Based on information from "State Budget Actions in 1984", National Conference of State Legislatures, Denver, Colorado, September 1984; and on Significant Features of Fiscal Federalism, 1984 Edition, Advisory Commission on Intergovernmental Relations, Washington, D.C., forthcoming.

Table A-1

GENERAL FUND ENDING BALANCES BY STATE, 1983 - 1985

($ millions)

STATE	FY 1983	FY 1984	FY 1985 Estimates
ALABAMA	11	274	102
ALASKA	86	224	(280)
ARIZONA	0	56	79
ARKANSAS	0	0	0
CALIFORNIA	(591)	491 b	985
COLORADO	0	31	55
CONNECTICUT	(48)	0	200
DELAWARE	49	97	121
FLORIDA	121	121	111
GEORGIA	22	0	0
HAWAII	130	105	128
IDAHO	0	9	0
ILLINOIS	110	217	217
INDIANA	60	102	19
IOWA	8	0	0
KANSAS	44	96	88
KENTUCKY	41	41	52
LOUISIANA	181	52	6
MAINE	2	17	10
MARYLAND	33	18	15
MASSACHUSETTS	64	19	144
MICHIGAN	22	283	2
MINNESOTA	72	375	570
MISSISSIPPI	15	11	31
MISSOURI	54	199	259
MONTANA	57	39	29
NEBRASKA	15	45	6
NEVADA	48	79	45
NEW HAMPSHIRE	(40)	24	48
NEW JERSEY	96	601	417
NEW MEXICO	166	154	130
NEW YORK	0	51	102
NORTH CAROLINA	72	253	14
NORTH DAKOTA	43	110	139
OHIO	44	95	122
OKLAHOMA	17	6	48
OREGON	22	71	72
PENNSYLVANIA	(235)	76	188
RHODE ISLAND	3	32	13
SOUTH CAROLINA	18	55	0
SOUTH DAKOTA	19	39	33
TENNESSEE	14	147	54
TEXAS	1,007	743	396
UTAH	12	81	51
VERMONT	(31)	(36)	(19)
VIRGINIA	102	81	86
WASHINGTON	32	256	30
WEST VIRGINIA	62	142	26
WISCONSIN	(182)	360	326
WYOMING	179	4	52
TOTAL	2,027	6,344	5,322
DIST. OF COL.	(279)	(264)	(244)

NOTES: Deficits are shown by ( ).
See FOOTNOTES to Tables A-3 through A-5 for explanations of ending balances in several states.

Table A-2
ENDING BALANCES
AS A PERCENT OF EXPENDITURES

STATE	GENERAL FUNDS			SEPARATE RESERVE FUNDS		
	FY 1983	FY 1984	FY 1985	FY 1983	FY 1984	FY 1985
ALABAMA	0.5%	13.9%	4.3%			
ALASKA	2.5%	7.7%	-7.8%	9.3%	9.6%	8.2%
ARIZONA	0.0%	3.0%	3.7%			
ARKANSAS	0.0%	0.0%	0.0%			
CALIFORNIA	-2.7%	2.1%	3.9%			
COLORADO	0.0%	1.8%	3.1%			
CONNECTICUT	-1.5%	0.0%	5.5%		4.6%	5.2%
DELAWARE	7.1%	13.5%	15.0%			
FLORIDA	2.4%	2.1%	1.8%			
GEORGIA	0.6%	0.0%	0.0%			
HAWAII	9.6%	7.6%	8.6%			
IDAHO	0.0%	1.9%	0.0%		0.8%	0.7%
ILLINOIS	1.4%	2.4%	2.3%			
INDIANA	2.8%	3.8%	0.6%			2.1%
IOWA	0.4%	0.0%	0.0%		0.4%	0.5%
KANSAS	3.1%	6.4%	5.3%			
KENTUCKY	1.8%	1.7%	2.1%			
LOUISIANA	4.7%	1.4%	0.1%			
MAINE	0.3%	2.2%	1.2%		1.5%	1.4%
MARYLAND	1.0%	0.5%	0.4%			
MASSACHUSETTS	1.5%	0.4%	2.8%			
MICHIGAN	0.5%	5.3%	.0%	0.1%	0.1%	7.8%
MINNESOTA	2.0%	8.2%	11.8%			
MISSISSIPPI	1.2%	0.8%	2.2%			
MISSOURI	2.4%	8.4%	10.1%			1.3%
MONTANA	17.1%	10.9%	7.7%			
NEBRASKA	2.1%	6.0%	0.7%		4.9%	4.2%
NEVADA	10.9%	19.9%	9.3%			
NEW HAMPSHIRE	-12.5%	6.0%	12.3%			
NEW JERSEY	2.1%	9.0%	5.5%			
NEW MEXICO	12.0%	12.1%	9.6%	7.4%	6.5%	6.1%
NEW YORK	0.0%	0.3%	0.5%			
NORTH CAROLINA	2.1%	6.7%	0.3%			
NORTH DAKOTA	10.4%	22.9%	25.9%			
OHIO	0.6%	1.2%	1.4%			
OKLAHOMA	0.9%	0.4%	2.9%		13.7%	10.5%
OREGON	1.4%	4.8%	4.4%			
PENNSYLVANIA	-3.1%	1.0%	2.2%			
RHODE ISLAND	0.3%	3.5%	1.4%			0.3%
SOUTH CAROLINA	0.9%	2.6%	0.0%	3.0%	4.7%	4.6%
SOUTH DAKOTA	6.9%	13.6%	10.3%			
TENNESSEE	0.8%	7.7%	2.2%			
TEXAS	22.0%	14.9%	7.0%			
UTAH	1.2%	7.5%	4.1%			
VERMONT	-9.5%	-10.6%	-5.4%			
VIRGINIA	4.0%	2.9%	2.3%			0.6%
WASHINGTON	0.8%	6.7%	0.7%			0.7%
WEST VIRGINIA	4.9%	10.5%	1.7%			
WISCONSIN	-4.5%	9.0%	7.1%			
WYOMING	51.1%	1.1%	16.1%	6.0%	31.0%	34.2%
TOTAL	1.3%	3.8%	2.9%	0.3%	0.6%	0.9%
DIST. OF COL.	-17.2%	-14.8%	-12.4%			

NOTES: Expenditure base does not include transfers.

Table A-3

FY 1983 STATE GENERAL FUNDS

($ millions)

STATE	Beginning Balance	Revenue	Adjustments	Resources	Expenditures	Transfers	Ending Balance
			_ ACTUALS _				
ALABAMA	24	1,927	(5)	1,946	1,935	0	11
ALASKA	266	3,588	91	3,945	3,410	449 b	86
ARIZONA	8	1,505	75	1,588	1,588	0	0
ARKANSAS	0	1,145	0	1,145	1,140	6	0
CALIFORNIA	(3)	21,233	0	21,230	21,751	70	(591)
COLORADO	15	1,429	99	1,543	1,543	0	0
CONNECTICUT	(40)	3,234	0	3,194	3,242	0	(48)
DELAWARE	51	687	0	738	689	0	49
FLORIDA	257	4,994	0	5,251	5,130	0	121
GEORGIA	34	3,572	74	3,680	3,658	0	22
HAWAII	210	1,253	12	1,475	1,345	0	130
IDAHO	0	416	0	416	416	0	0
ILLINOIS	187	8,437	0	8,624	7,834	680	110
INDIANA	0	2,260	0	2,260	2,149	51	60
IOWA	22	1,845	0	1,867	1,858	0	8
KANSAS	80	1,364	14	1,457	1,413	0	44
KENTUCKY	19	2,208	76	2,303	2,262	0	41
LOUISIANA	271	3,817	50 c	4,138	3,857	100	181
MAINE	19	678	19	716	695	19	2
MARYLAND	156	3,096	8	3,260	3,227	0	33
MASSACHUSETTS	4	4,718	0	4,723	4,429	230	64
MICHIGAN	6	4,919	0	4,925	4,836	67	22
MINNESOTA	(598)	4,386	11	3,799	3,584	144	72
MISSISSIPPI	39	1,183	9	1,232	1,217	0	15
MISSOURI	62	2,216	1	2,279	2,225	0	54
MONTANA	34	314	42	390	333	0	57
NEBRASKA	(16)	758	4	746	731	0	15
NEVADA	46	379	62	487	444	(6)	48
NEW HAMPSHIRE	(33)	312	10	289	320	9	(40)
NEW JERSEY	79	4,684	(12)	4,751	4,655	0	96
NEW MEXICO	209	1,343	0	1,552	1,385	0	166
NEW YORK	62	16,951	500	17,513	16,533	980	0
NORTH CAROLINA	109	3,404	0	3,512	3,441	0	72
NORTH DAKOTA	109	353	0	462	415	4	43
OHIO	50	7,066	(23)	7,093	7,049	0	44
OKLAHOMA	296	1,604	0	1,900	1,883	0	17
OREGON	8	1,602	0	1,610	1,588	0	22
PENNSYLVANIA	7	7,321	41	7,369	7,604	0	(235) d
RHODE ISLAND	3	850	8	861	858	0	3
SOUTH CAROLINA	4	1,970	0	1,974	1,936	20 a	18
SOUTH DAKOTA	20	275	0	295	276	0	19
TENNESSEE	32	1,822	0	1,854	1,831	9	14
TEXAS	1,331	8,220	(2,057) e	7,494	4,576	1,911 f	1,007
UTAH	33	902	43	978	964	2	12
VERMONT	(0)	293	1	294	325	0	(31)
VIRGINIA	213	3,029	0	3,242	2,531	610	102
WASHINGTON	251	3,753	0	4,003	3,900	72	32
WEST VIRGINIA	78	1,255	20	1,353	1,271	20	62
WISCONSIN	26	3,816	50	3,892	4,074	0	(182)
WYOMING	157	372	0	529	350	0	179
TOTAL	4,196	158,758	(778)	162,176	154,703	5,446	2,027
DIST. OF COL. [g]	(296)	1,778	0	1,778	1,622	156	(279)

NOTES: Negative entries and deficits are shown by ( ).

FOOTNOTES FOR FY 1983 GENERAL FUND DETAIL

a Transfer to a budget reserve fund.
b AK - Includes $400 transfer to Permanent Fund.
c LA - Set-aside in special reserve fund.
d PA - Governor and legislature agreed on plan to fund this deficit in the next fiscal year.
e TX - Transfer of dedicated revenues to other funds.
f TX - Transfer to Foundation School Program.
g DC - Cumulative balances include "pre-home rule deficits." Other figures are strictly annual. Transfers include retirement of $17.0 of the cumulative debt and an adjustment to GAAP.

Table A-4

FY 1984 STATE GENERAL FUNDS

($ millions)

STATE	Beginning Balance	Revenue	Adjustments	Resources	Expenditures	Transfers	Ending Balance
ALABAMA	11	2,233	(6)	2,237	1,964	0	274
ALASKA	86	3,390	(27)	3,450	2,926	300 b	224
ARIZONA	0	1,833	70	1,903	1,847	0	56
ARKANSAS	0	1,366	(105)	1,262	1,262	0	0
CALIFORNIA	(591)	23,809	141	23,359	22,869	0	491 c
COLORADO	0	1,738	0	1,738	1,707	0	31
CONNECTICUT	(48)	3,840	(3)	3,789	3,624	165	0
DELAWARE	49	769	0	818	721	0	97
FLORIDA	121	5,769	0	5,890	5,769	0	121
GEORGIA	26	3,935	0	3,961	3,961	0	0
HAWAII	130	1,355	9	1,494	1,389	0	105
IDAHO	0	500	(3)	497	484	4 a	9
ILLINOIS	110	9,707	0	9,817	8,878	722	217
INDIANA	60	2,992	5	3,057	2,673	282	102
IOWA	8	1,974	0	1,982	1,982	0	0
KANSAS	52 d	1,547	0	1,599	1,503	0	96
KENTUCKY	41	2,364	63	2,468	2,427	0	41
LOUISIANA	181	3,592	107	3,880	3,828	0	52
MAINE	2	775	12	789	756	16	17
MARYLAND	33	3,418	2	3,453	3,435	0	18
MASSACHUSETTS	64	5,004	0	5,068	4,894	154	19
MICHIGAN	20	5,596	0	5,616	5,332	0	283
MINNESOTA	72	5,049	16	5,137	4,560	203	375 c
MISSISSIPPI	15	1,333	0	1,348	1,337	0	11
MISSOURI	54	2,494	8	2,556	2,356	1	199 f
MONTANA	63 g	330	3	396	357	0	39
NEBRASKA	15	782	0	797	752	0	45
NEVADA	49	425	0	474	395	0	79
NEW HAMPSHIRE [h]	(27)	457	49	479	400	55	24
NEW JERSEY	96	7,079	91	7,267	6,666	0	601
NEW MEXICO	166	1,259	0	1,425	1,271	0	154
NEW YORK	0	19,069	253	19,322	17,620	1,651	51
NORTH CAROLINA	72	3,957	0	4,029	3,776	0	253
NORTH DAKOTA	43	532	0	575	480	(15)	110
OHIO	44	8,134	(96) i	8,082	7,776	211	95
OKLAHOMA	17	1,559	25	1,601	1,556	39	6
OREGON	23	1,539	0	1,562	1,491	0	71
PENNSYLVANIA	(235) j	8,257	45	8,068	7,991	0	76
RHODE ISLAND	4	935	0	939	902	5	32
SOUTH CAROLINA	18	2,228	0	2,246	2,111	80 a	55
SOUTH DAKOTA	19	308	0	327	287	0	39
TENNESSEE [k]	14	2,070	0	2,084	1,911	26	147
TEXAS	1,007	8,974	0	9,981	4,994	4,245	743
UTAH	12	1,117	25	1,154	1,073	0	81
VERMONT	(31)	333	1	303	339	0	(36)
VIRGINIA	102	3,436	0	3,538	2,846	610	81
WASHINGTON	32	4,033	0	4,065	3,809	0	256
WEST VIRGINIA	62	1,436	0	1,498	1,356	0	142
WISCONSIN	(182)	4,529	46	4,393	4,010	23	360
WYOMING	179	363	(115)	427	355	68	4
TOTAL	2,057	179,524	616	182,198	167,007	8,845	6,344
DIST. OF COL. [l]	(279)	1,920	0	1,920	1,789	131	(264)

NOTES: Negative entries and deficits are shown in [ ].
All entries are subject to minor revisions based upon final audits.

FOOTNOTES FOR FY 1984 GENERAL FUND DETAIL

a Includes transfer to a budget reserve fund.
b AK - Transfer to Permanent Fund.
c CA - $427 designated as Reserve for Economic Uncertainity; $63 for appropriations carried forward.
d KS - Cash balance
e MN - Includes $250 in budget reserve fund and $122 of appropriations carried forward.
f MO - $120 minimum required to meet cash flow demands.
g MT - Difference from FY 83 ending balance is due to change to GAAP.
h NH - 'Equity' balances, including reserves for encumbered and unexpended appropriations.
i OH - Outstanding obligations from prior years.
j PA - Negative balance from FY 83, eliminated in '84 Governor's budget.
k TN - Beginning Balance includes $10, and Ending Balance includes $50, in Revenue Fluctuation Reserve.
l DC - Cumulative balances include "pre-home rule deficits." Other figures are strictly annual.
Transfers include retirement of $15.3 of the cumulative debt and an adjustment to GAAP.

Table A-5

FY 1985 STATE GENERAL FUNDS

($ millions)

STATE	Beginning Balance	ESTIMATES Revenue	Adjustments	Resources	Expenditures	Transfers	Ending Balance
ALABAMA	274	2,216	(61)	2,484	2,382	0	102
ALASKA	224	3,315	67	3,605	3,585	300 b	(280)
ARIZONA	56	2,130	0	2,186	2,107	0	79
ARKANSAS	0	1,442	(106)	1,336	1,336	0	0
CALIFORNIA	491	26,077	0	26,568	25,582	0	985 c
COLORADO	31	1,867	0	1,898	1,784	59	55
CONNECTICUT	0	3,858	(2)	3,856	3,656	0	200
DELAWARE	97	833	0	930	809	0	121
FLORIDA	121	6,275	0	6,396	6,285	0	111
GEORGIA	0	4,302	0	4,302	4,302	0	0
HAWAII	105	1,470	37	1,612	1,484	0	128
IDAHO	9	485	64	558	558	0	0
ILLINOIS	217	9,994	0	10,211	9,254	740	217
INDIANA	102	3,287	0	3,389	3,026	344 a	19
IOWA	0	2,136	0	2,136	2,103	34 a	0
KANSAS	96	1,657	0	1,753	1,665	0	88
KENTUCKY	41	2,494	17	2,552	2,500	0	52
LOUISIANA	52	4,150	50 d	4,252	4,246	0	6
MAINE	17	827	16	859	833	16	10
MARYLAND	18	3,783	0	3,801	3,786	0	15
MASSACHUSETTS	19	5,506	0	5,525	5,223	159	144
MICHIGAN	283	5,572	0	5,855	5,467	387 a	2
MINNESOTA	375	5,253	12	5,640	4,848	222	570 e
MISSISSIPPI	11	1,416	0	1,427	1,396	0	31
MISSOURI	199	2,714	0	2,913	2,572	82 a	259 f
MONTANA	39	366	0	405	376	0	29
NEBRASKA	45	810	0	855	849	0	6
NEVADA	79	448	0	526	481	0	45
NEW HAMPSHIRE [g]	24	398	0	422	391	(17)	48
NEW JERSEY	601	7,401	0	8,001	7,584	0	417
NEW MEXICO	154	1,324	0	1,479	1,349	0	130
NEW YORK	51 h	20,908	148	21,056	19,679	1,326	102
NORTH CAROLINA	253	4,278	0	4,531	4,517	0	14
NORTH DAKOTA	110	566	0	676	537	0	139
OHIO	95	9,053	(57)	9,091	8,676	293	122
OKLAHOMA	6	1,703	0	1,709	1,661	0	48
OREGON	71	1,659	(10)	1,720	1,648	0	72
PENNSYLVANIA	76	8,614	40	8,730	8,542	0	188 i
RHODE ISLAND	32	950	18	1,000	984	3 a	13
SOUTH CAROLINA	55	2,350	0	2,405	2,405	0	0
SOUTH DAKOTA	39	315	0	354	321	0	33
TENNESSEE [j]	147	2,442	0	2,589	2,447	88	54
TEXAS	743	10,563	0	11,305	5,694	5,216	396
UTAH	81	1,208	0	1,289	1,238	0	51
VERMONT	(36)	377	0	341	360	0	(19)
VIRGINIA	81	3,702	0	3,783	3,697	0	86
WASHINGTON	256	4,113	0	4,369	4,339	0	30
WEST VIRGINIA	142	1,447	0	1,589	1,563	0	26
WISCONSIN	360	4,506	57	4,923	4,596	0	326
WYOMING	4	370	0	374	322	0	52
TOTAL	6,344	192,929	345	199,567	185,045	9,251	5,322
DIST. OF COL. [k]	(264)	2,074	0	2,074	1,975	100	(244)

NOTES: Negative entries and deficits are shown in ( ).
All entries are subject to modification through legislative amendment

FOOTNOTES FOR FY 1985 GENERAL FUND DETAIL

a Includes transfer to a budget reserve fund.
b AK - Deposit to Permanent Fund.
c CA - $970 designated as Reserve for Economic Uncertainity; $15 for appropriations carried forward.
d LA - Disputed petroleum royality payment.
e MN - Includes $375 in reserve fund, $50 in special school fund, and $3 of appropriations carried forward.
f MO - $130 minimum required to meet cash flow demands
g NH - 'Equity' balances, including reserves for encumbered and unexpended appropriations.
h NY - Reserved for unanticipated deficits; not otherwise available for expenditure.
i PA - Governor has proposed funding a budget reserve fund and a tax reduction from this balance.
j TN - Beginning and Ending Balances include $50 in Revenue Fluctuation Reserve Fund.
k DC - Cumulative balances include "pre-home rule deficits." Other figures are strictly annual. Transfers include retirement of $20.1 of the cumulative debt.

Table A-6

ANALYSIS OF ESTIMATED EXPENDITURE CHANGES

(percent change year to year)

STATE	FY 1983 to 1984 Nominal	FY 1983 to 1984 Real	FY 1984 to 1985 Nominal	FY 1984 to 1985 Real
ALABAMA	1.5%	-3.4%	21.3%	15.0%
ALASKA	-14.2%	-18.3%	22.5%	16.2%
ARIZONA	16.3%	10.8%	14.1%	8.1%
ARKANSAS	10.7%	5.4%	5.9%	0.4%
CALIFORNIA	5.1%	0.1%	11.9%	6.0%
COLORADO	10.6%	5.4%	4.5%	-0.9%
CONNECTICUT	11.8%	6.5%	0.9%	-4.4%
DELAWARE	4.6%	-0.3%	12.2%	6.4%
FLORIDA	12.5%	7.1%	8.9%	3.3%
GEORGIA	8.3%	3.1%	8.6%	2.9%
HAWAII	3.3%	-1.7%	6.8%	1.3%
IDAHO	16.3%	10.8%	15.3%	9.3%
ILLINOIS	13.3%	7.9%	4.2%	-1.2%
INDIANA	24.4%	18.5%	13.2%	7.3%
IOWA	6.7%	1.6%	6.1%	0.5%
KANSAS	6.4%	1.3%	10.8%	5.0%
KENTUCKY	7.3%	2.2%	3.0%	-2.3%
LOUISIANA	-0.8%	-5.5%	10.9%	5.1%
MAINE	8.8%	3.6%	10.2%	4.4%
MARYLAND	6.4%	1.4%	10.2%	4.5%
MASSACHUSETTS	10.5%	5.2%	6.7%	1.2%
MICHIGAN	10.3%	5.0%	2.5%	-2.8%
MINNESOTA	27.2%	21.2%	6.3%	0.8%
MISSISSIPPI	9.9%	4.7%	4.4%	-1.0%
MISSOURI	5.9%	0.8%	9.2%	3.5%
MONTANA	7.2%	2.1%	5.3%	-0.2%
NEBRASKA	2.9%	-2.0%	12.9%	7.0%
NEVADA	-11.1%	-15.3%	21.9%	15.5%
NEW HAMPSHIRE	25.0%	19.1%	-2.3%	-7.3%
NEW JERSEY	43.2%	36.4%	13.8%	7.8%
NEW MEXICO	-8.2%	-12.6%	6.1%	0.6%
NEW YORK	6.6%	1.5%	11.7%	5.9%
NORTH CAROLINA	9.7%	4.5%	19.6%	13.4%
NORTH DAKOTA	15.7%	10.2%	11.9%	6.0%
OHIO	10.3%	5.1%	11.6%	5.8%
OKLAHOMA	-17.4%	-21.3%	6.7%	1.2%
OREGON	-6.1%	-10.6%	10.5%	4.8%
PENNSYLVANIA	5.1%	0.1%	6.9%	1.3%
RHODE ISLAND	5.1%	0.1%	9.1%	3.4%
SOUTH CAROLINA	9.0%	3.8%	13.9%	8.0%
SOUTH DAKOTA	4.0%	-1.0%	11.8%	6.0%
TENNESSEE	4.4%	-0.6%	28.0% a	21.4%
TEXAS	9.1%	3.9%	14.0%	8.1%
UTAH	11.3%	6.0%	15.4%	9.4%
VERMONT	4.4%	-0.5%	6.3%	0.7%
VIRGINIA *	10.1%	4.8%	7.0%	1.4%
WASHINGTON	-2.3%	-7.0%	13.9%	8.0%
WEST VIRGINIA	6.7%	1.6%	15.3%	9.3%
WISCONSIN	-1.6%	-6.3%	14.6%	8.6%
WYOMING	1.4%	-3.4%	-9.3%	-14.0%
TOTAL	8.0%	2.8%	10.8%	5.0%
DIST. OF COL.	10.3%	5.1%	10.4%	4.6%

NOTES: Excludes transfers unless noted with *.

1984 Deflator: 5.0%
1985 Deflator: 5.5%

a TN - Reflects major program improvements and salary increases for public education.

Table A-7

BUDGET STABILIZATION & RESERVE FUND BALANCES

(Ending Balances, $ millions)

STATE	FY 1983	FY 1984	FY 1985 Estimates
ALABAMA			
ALASKA	316	282	293
ARIZONA			
ARKANSAS			
CALIFORNIA			
COLORADO			
CONNECTICUT		165	189
DELAWARE			
FLORIDA			
GEORGIA			
HAWAII			
IDAHO		4	4
ILLINOIS			
INDIANA			63
IOWA		8	10
KANSAS			
KENTUCKY			
LOUISIANA			
MAINE		11 a	12 a
MARYLAND			
MASSACHUSETTS			
MICHIGAN	3	4	425
MINNESOTA			
MISSISSIPPI			
MISSOURI			34 a
MONTANA			
NEBRASKA		37 a	36 a
NEVADA			
NEW HAMPSHIRE			
NEW JERSEY			
NEW MEXICO	103	82	82
NEW YORK			
NORTH CAROLINA			
NORTH DAKOTA			
OHIO			
OKLAHOMA		213 a	174 a
OREGON			
PENNSYLVANIA			
RHODE ISLAND			3
SOUTH CAROLINA	58	98	111
SOUTH DAKOTA			
TENNESSEE			
TEXAS			
UTAH			
VERMONT			
VIRGINIA			23
WASHINGTON			30
WEST VIRGINIA			
WISCONSIN			
WYOMING	21	110	110
TOTAL	501	1,015	1,601
DIST. OF COL.			

NOTES: DOES NOT INCLUDE RESERVE BALANCES HELD WITHIN GENERAL FUNDS IN SEVERAL STATES.
See Footnotes to General Fund tables for these reserve designations.

a - Cash Flow Reserve, not included in general fund balance.